



935 North Washington Avenue  
Lansing, MI 48906  
517-372-5374 Fax 517-482-8244  
www.micounties.org  
Timothy K. McGuire, Executive Director

# 2013 MAC Priorities

## **Revenue Sharing:**

Revenue sharing is a statutory obligation on behalf of the state, established in the 1960's when counties gave up local taxing authority. According to the Glenn Steil Revenue Sharing Act, 21.3% of the 4% of State sales tax is supposed to go to statutory revenue sharing. Last fiscal year, only 35% of this collection was allocated to statutory revenue sharing.

Revenue sharing is used by counties to pay for the multitude of state mandated services including the courts, jails, the constitutional officers, elections and the public health system. The current model of mandating counties deliver services on behalf of state government without the state paying for them is unsustainable.

In 2004/2005, counties agreed to forgo revenue sharing for a period of time, in order to assist Michigan in balancing the budget and were promised a return of that funding once reserves were depleted. This promise was honored only once since the agreement.

Counties recognize the need for efficiency, transparency and fiscal responsibility in local government. Through cooperation, consolidation and fiscally responsible reforms, counties have led the charge in providing more services with less revenue, but in no way was revenue sharing ever intended to be conditional or a reward system. The more strings attached to local revenues, the harder it gets to provide mandated services.

MAC will continue to be a positive voice in Lansing by illustrating how counties have led the charge to reform, share services and reduce size. For more than a decade counties have sacrificed due to cuts in state dollars while simultaneously having increased state mandates.

*MAC urges the Legislature and the Governor to live up to their end of this important promise, acknowledge the services counties provide with revenue sharing dollars and fully fund revenue sharing payments in fiscal year 2014.*

## **Unfunded Mandates:**

### **Court Funding:**

While the Supreme Court, through the State Court Administrative Office, seeks to manage the courts in Michigan's 83 counties, the bulk of the funding for those court operations comes from counties. Michigan counties pay over \$1 billion each year to run the state's court system, with little control over operational decisions.

Not only is the funding inequitably disproportionate, the threat of lawsuits and the annual battle for individual court appropriations can be a source of discord between the commissioners and the courts. MAC is committed to seeking out creative alternatives to the current structure and working

with the State to overcome the barriers that prevent the state from assuming more financial responsibility for Michigan's court system.

MAC urges the Governor and Legislature to begin the process of transferring court employees to state employment and alleviating the largest unfunded mandate on counties.

### **Unfunded Mandates Package:**

In 2009, the Legislative Commission on Unfunded Mandates determined that **more than \$2.5 billion in services that can be measured**, and billions more that cannot be measured, are provided by local units of government for free to the state of Michigan through unfunded mandates. Legislation has been drafted to stop this problem from growing even further.

There is little that can be done about past state violations of the Constitution, however the legislation would require the state legislature to pay for any new mandates it imposes on counties and other local governments, or the new requirements would become optional. Further, the legislation would make it possible to avoid costly and time-consuming court battles for both sides by streamlining the process by which unfunded mandates are challenged.

MAC supports passage of the package of bills to eliminate future unfunded mandates by the legislature on counties and other local units.

### **Regulatory Reform:**

Eliminating mandates, or creating a mandate waiver program would give county commissioners the ability to adopt creative and more efficient methods for the delivery of the services their constituents need. By entrusting local officials to address constituent needs and services in a holistic manner without overarching regulations will allow them to manage their responsibilities in a more financially responsible manner. Such mandates range from court funding to public health service mandates. MAC supports making existing mandates optional in order to allow counties the flexibility to govern according to the will of the people they serve, rather than the dictations of Lansing.

### **Economic Development and Taxation:**

#### **Economic Development Tools:**

Currently counties are at the whim of cities, townships and villages (CVTs) with regard to tax capture districts and the implementation of economic development tools. While counties are mandated by statutory and constitutional provisions for the delivery and payment of services, tax capture districts are not bound by the same requirements yet they are allowed to capture county revenue with little input from the county. Counties have enjoyed opt-out provisions for DDAs, TIFAs, and LDFAs created after 1994, but capture districts implemented before that continue to capture county revenue, without consent by the county. The duration of the tax capture districts can be extended, essentially forever, with no county input.



935 North Washington Avenue  
Lansing, MI 48906  
517-372-5374 Fax 517-482-8244  
www.micounties.org  
Timothy K. McGuire, Executive Director

Additionally, some renaissance zones, enterprise zones and other assorted economic development tools are created by CVTs and only allow public comment period for counties. Even over a county's objection in these comment periods, the CVT can abate county property taxes. Counties, as a more regional voice, are in a better position to help local units of government coordinate and collaborate to help business thrive in Michigan.

MAC will work to ensure that counties have a voice in the economic development activities in their region by strengthening their voice in the tax capture and abatement process.

*MAC believes that counties should be the engine for regional collaborative efforts on economic development. Most importantly, counties should be able to opt out of revenue capture or exemption independently of CVTs.*

#### **Greater Discretion in Setting County Fees:**

Most fees for county programs are set in state statute even though the state does nothing to manage the programs.

*MAC believes that fees for county programs and services should be set by county boards of commissioners, not to exceed the cost of doing business.*

#### **Health and Human Services:**

##### **Foster Care / Juvenile Justice:**

Counties are mandated by the state to pay for 50 percent of the \$37 per day administrative fee charged by private child-placing agencies for foster care. In the past, increases in this fee have resulted in continued increases in county costs.

*MAC urges the legislature to pay for all administrative costs for foster care, regardless of placement.*

Investing in JJ programs that are home and community-based when public safety is not an issue will result in lower cost and reduced or eliminated placements down the road. Home and community-based placements require more creativity, coordination, and staff-time to run than traditional residential placements, however, making them more difficult to put in place.

*MAC encourages the legislature to increase the state reimbursement rate for community-based placements with proven outcomes to encourage the increased use of these options and allow counties with barriers to begin using these placements.*

##### **Local Public Health:**

The state is required by statute to pay for 50 percent of the cost of mandated local public health services. The state has only met their 50 percent requirement one time. Counties are paying about

75 percent of the cost of mandated local public health services, creating a classic example of the burden placed by the state on counties.

MAC encourages the legislature to fund its half of mandated local public health services according to the requirements of statute.

### **Mental Health:**

Appropriate funding of the community mental health system is important to keeping residents of the state healthy, and it benefits both the state and county budget by keeping people out of the judicial system. The ability to provide consistent and seamless care in county jails is important, and state funding for local mental health in county jails needs to be continued so that treatment is not disrupted.

MAC supports appropriate funding of the CMH system. MAC further supports legislation clarifying the ability of a local CMH to use general funds for treatment in the jail.

### **Healthcare Reforms:**

As Michigan attempts to work with the federal government to combine funding and administration for those dually eligible for both Medicaid and Medicare in order to gain savings and efficiency, moves toward a more centralized system of physical and mental health, and implements the new federal healthcare requirements, great care must be taken to make sure the new system protects the safety net services counties provide, rewards quality outcomes, and preserves local oversight of the systems.

MAC stands with our partners at county medical care facilities, public health, and community mental health to make sure these vital services are recognized as partners in moving Michigan forward.

### **Environmental:**

#### **Payment in Lieu of Taxes (PILT)**

Counties with large tracts of DNR owned property rely on PILT to help fund essential services. This funding source for locals has finally seen reform on a large scale.

MAC supports the positive reforms made in 2012 and supports full payment of PILT by the state along with proper land management plans.

### **Ag and Tourism:**

Tourism has become one of the fastest growing sectors of Michigan's economy and is largely locally supported and MAC would like to both protect and promote the growth of this industry. Agriculture has proven to be the one stable part of Michigan's economy.



935 North Washington Avenue  
Lansing, MI 48906  
517-372-5374 Fax 517-482-8244  
www.micounties.org  
Timothy K. McGuire, Executive Director

*MAC urges the legislature to continue funding local Conservation Districts and Michigan State University Extension to assist with the preservation of forest land, water, farm land, and other natural resources. These programs are active partners with local units of government and their resources.*

### **Renewable Energy:**

While Michigan's leaders continue efforts to diversify our state economy, the renewable energy industry provides a major opportunity for growth in the near future. However, local residents must have a say and receive benefits from any development of renewable resources.

*As Michigan moves towards meeting its RPS goals, MAC supports legislation for statewide development of renewable energy resources and energy conservation that allows counties an appropriate voice for the people who live in the area, and the ability to negotiate appropriate royalties to the benefit of the citizens who are affected by the new development.*

### **Transportation:**

Michigan ranks in the top ten largest road networks in the country. Mobility is a critical component for economic development and an increased quality of life. MAC supports the logical development and interconnection of all modes of transportation across the state and within our local communities.

### **Transportation Funding/ Gas Tax Reform:**

Last year, the Transportation Task Force made several recommendations to maintain and improve Michigan's infrastructure. These critical recommendations are targeting economic development opportunities and safety issues for this state, through revisions to the various funding mechanisms for all modes of transportation.

*MAC supports increasing the gas user fee by nine cents, three cents per year for three consecutive years, and sun setting it in 7 years to reassess technological advances.*

*MAC supports raising the diesel fuel tax rate to match the rate on motor fuels.*

*MAC strongly opposes any efforts to divert fuel tax revenue for other uses and supports the ability for individual counties to collect a gas tax which is applied for that specific county.*

*MAC supports vehicle registration fee reforms which include the collection of vehicle registration fees at the time of purchase rather than birthday and regularly retiring existing license.*

### **ORV/OHV:**

ORV/OHV tourism, trail creation, and management is a crucial economic component to our rural counties.

*MAC supports future increases in fees associated with off-road vehicle permits for trail maintenance, new trails, and law enforcement grants for local governments (CVT's and Counties).*

**County Roads:**

County Roads are a vital part of Michigan's transportation network. MAC supports strengthening the county road network in the following manner:

MAC supports the continuation of county road agencies/departments retaining authority, jurisdiction and continuity of the primary and local roads in each county.

MAC supports permissive legislation allowing each County Board of Commissioners the ability to create districts for County Road agencies/departments.

MAC supports legislation giving the County Board of Commissioners the option to limit the term of an elected Road Commissioner to 4 years.

MAC strongly opposes any reductions of state funding for local road operation, repair or maintenance to County Road agencies/departments.

**Alternative Fuels:**

Alternative Fuels and alternative fuel vehicle technology is moving transportation into the future and having a positive effect on the environment.

MAC encourages the Governor and the Legislature to provide incentives and/or funding mechanisms to promote the use of the alternative fuels and development of vehicles and equipment to use the fuels. MAC also encourages the Governor and the Legislature to find an equitable funding solution to alternative fuel vehicles to provide for an equitable user fee on alternative fuel vehicles.